

# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

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PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संलग्न थी जाती हैं जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

## RAJYA SABHA

The following Bills were introduced in the Rajya Sabha on the 3rd August, 1973:—

## I

## BILL No. XVI of 1973

*A Bill further to amend the Companies Act, 1956.*

Be it enacted by Parliament in the Twenty-fourth Year of the Republic of India as follows:—

1 of 1956.

1. (1) This Act may be called the Companies (Amendment) Act, 1973. Short title and commen-  
tation.  
(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In section 224 of the Companies Act, 1956 (hereinafter referred to as the principal Act), after sub-section (1) the following proviso shall be inserted, namely:— Amend-  
ment of  
section  
224.

“Provided that every company shall obtain from the person proposed to be appointed as an auditor of the company, a certificate to the effect that he has not accepted offer of appointment for auditing the accounts of more than nine companies in accordance with the requirements of this Act.”

Amend-  
ment of  
section  
226.

3. In section 226 of the principal Act,—

(i) the proviso to sub-section (1) shall be omitted;

(ii) after clause (a) of sub-section (3), the following clause shall be inserted, namely:—

“(aa) a person who has accepted offer of appointment for auditing the accounts of ten or more companies in accordance with the requirements of this Act.”.

Amend-  
ment of  
sections  
275 and  
276.

4. In sections 275 and 276 of the principal Act, for the word “twenty”, wherever it occurs, the word “five” shall be substituted.

Amend-  
ment of  
section  
277.

5. In section 277 of the principal Act,—

(i) for the word “twenty”, wherever it occurs, the word “five” shall be substituted;

(ii) in sub-section (2), for the word “nineteen”, the word “four” shall be substituted.

Amend-  
ment of  
section  
279.

6. In section 279 of the principal Act,—

(i) for the word “twenty”, wherever it occurs, the word “five” shall be substituted;

(ii) the following words shall be added at the end, namely:—

“and in case of continuing contravention with a further fine of two thousand rupees for every week or part thereof during which such contravention continues in respect of each of those companies after the first five.”.

Insertion  
of new  
section.

7. After section 618 of the principal Act, the following section shall be inserted, namely:—

“618A. No person who is a member of a civil service of the Union or an All-India service or a civil service of a State or holds a civil post under the Union or a State shall be appointed Chairman of a Government Company.”,

Chair-  
man of  
Govern-  
ment  
com-  
pany.

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### STATEMENT OF OBJECTS AND REASONS

In the present state of Company Law, it is not possible to reduce the concentration of business in the hands of a few Chartered Accountants and the directorships in the hands of a few individuals. It is also not possible to prevent appointments of Civil servants as Chairmen of Government Companies.

There are a few firms of Chartered Accountants mostly controlled by a single individual, who control substantial business of auditing. They do not allow new entrants to get business thus denying fair opportunity to even highly competent young chartered accountants. The result of this monopoly of few individuals is that the real purpose of audit is seldom realised. Hence a firm of Chartered Accountants should not be allowed to do business for more than ten companies.

Experience also shows that when a person holds directorship of a large number of companies, irrespective of their size and area of operation, he acquires certain economic power and influence which he can use to his exclusive advantage and to the detriment of the shareholders and the general public. At present it is permissible for a person to hold directorship of as many as twenty companies simultaneously. Very few individuals can properly and efficiently attend to their duties as directors of as many as twenty companies. It is therefore necessary to reduce the existing limit of twenty to five directorships.

In the interest of efficiency it is necessary that Government Companies should be headed by non-service men. A Civil Servant by habit and training is procedure-minded and therefore is unable to give purposeful direction to the affairs of a company.

Such companies require to be headed by men with business outlook and commercial talent. Civil Servants tend to bring bureaucratic mentality and red tape when they head such companies.

The Bill seeks to give effect to the above-mentioned matters.

VITHAL GADGIL.

## II

## BILL No. XVII of 1973

*A Bill further to amend the Constitution of India.*

Be it enacted by Parliament in the Twenty-fourth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Constitution (Amendment) Act, 1973.

Amend-  
ment of  
article 80.

2. In article 80 of the Constitution, in clause (3) after the word "literature," the word "defence," shall be inserted.

## STATEMENT OF OBJECTS AND REASONS

The President of India by virtue of article 80 of the Constitution has the right to nominate 12 Members in accordance with the provisions of clause (3) of the said article. While nominating the Members the President is required to give regard to persons having special knowledge of practical experience in respect of matters such as literature, science, art and social service. Clause (3) of article 80, however, does not include in its ambit the consideration and nomination of persons having special knowledge or practical experience in respect of defence matters. The whole nation is indebted to the services rendered by the Defence Forces and it would in the fitness of things if persons having special knowledge or practical experience in defence matters are also nominated to the Council of States. The nomination of such persons would be highly beneficial inasmuch as Parliament and the country would be able to have the advantage of their special knowledge and experience in defence matters which at present is not available until and unless such persons after retirement or resignation undergo the ordeal of standing for election to the Lok Sabha which in cases of such persons is not feasible.

Hence the Bill.

OM PRAKASH TYAGI.

## III

## BILL No. XVIII OF 1973

*A Bill further to amend the Aligarh Muslim University Act, 1920.*

BE it enacted by Parliament in the Twenty-fourth Year of the Republic of India, as follows:—

Short title and commencement.

1. (1) This Act may be called the Aligarh Muslim University (Amendment) Act, 1973.

(2) It shall come into force on such date as the Central Government, may, by notification in the Official Gazette, appoint.

Amend-  
ment of  
the long  
title and  
the Pre-  
amble.

2. In the Aligarh Muslim University Act, 1920 (hereinafter referred to as the principal Act),—

(i) in the long title, the words “establish and” shall be omitted;  
(ii) in the preamble, the words “establish and” shall be omitted.

3. Sub-section (2) of section 1 of the principal Act shall be re-numbered as sub-section (3) thereof and before sub-section (3) as so re-numbered, the following sub-section shall be inserted, namely:—

“(2) Notwithstanding any judgement, decree or order of any court or tribunal to the contrary, the Aligarh Muslim University shall be deemed to have been established by Muslim minority of India as an educational institution of its choice and shall be governed as provided in article 30 of the Constitution.”

4. In section 2 of the principal Act, in clause (h) after the words “for its students” the words “established by the Muslim minority in India, primarily to cater to the needs of muslim community” shall be inserted.

## STATEMENT OF OBJECTS AND REASONS

The Aligarh Muslim University (Amendment) Act, 1972 [34 of 1972] has caused grave apprehensions amongst the minorities particularly the Muslim minority with regard to the future of their rights guaranteed under Article 30 of the Constitution and it poses serious threat to autonomy and democratic character of all educational institutions. It is, therefore, expedient to amend the Aligarh Muslim University Act, 1920 to allay the fears of the minorities in particular and the educationist in general.

Hence this Bill.

SHYAMLAL YADAV.

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B. N. BANERJEE,

*Secretary.*

